



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

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June 9, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**EXTENSION AMENDMENT TO ELEVEN NON-COUNTY TRAUMA CENTER
SERVICE AGREEMENTS AND TWO COUNTY TRAUMA CENTER
MEMORANDUM OF UNDERSTANDING
(All Districts) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of Health Services, or his designee, to offer and execute extension amendments within the parameters set forth herein and to the Trauma Center Services Agreement, with trauma hospitals identified in Attachment B, upon prior review and approval by County Counsel, to extend the term of the Agreement on a month-to-month basis, effective July 1, 2005 through December 31, 2005, to continue the current Trauma Center Service program, with a signing deadline of July 31, 2005 for each hospital, in order to maintain the Los Angeles County Trauma Center System.
2. Authorize continued claims-based reimbursement to eleven non-County trauma centers (Attachment B) for care provided to eligible indigent patients, from July 1, 2005 through December 31, 2005, with payment at rates previously approved by the Board on June 24, 2003, with a maximum obligation of \$7.5 million (approximately 50% of the Fiscal Year 2004-05 allocation of \$14.9 million).
3. Authorize continued claims-based reimbursement to California Hospital Medical Center for care provided to eligible indigent patients, from July 1, 2005 through December 31, 2005, with payment at rates previously approved by the Board on November 16, 2004

(which are consistent with those for all other non-County trauma hospitals) with a maximum obligation of \$1.3 million.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

The purpose of the recommended actions is to obtain the Board's approval of Amendment No. 3 to extend and maintain the current Trauma Center Service Agreement (Agreement) with ten non-County trauma centers, and approval of Amendment No. 1 to extend and maintain the current Agreement with California Hospital Medical Center. The current Agreements are slated to expire on June 30, 2005. This extension will permit the Department of Health Services to continue negotiations with the eleven total non-County trauma centers.

FISCAL IMPACT/FINANCING:

The maximum obligations for the six-month extensions of the Agreements with California Hospital Medical Center and the other ten non-County trauma centers will be \$1.3 million and \$7.5 million, respectively. There are sufficient appropriations in the Department's Fiscal Year (FY) 2005-06 Measure B Proposed Budget to cover these obligations and administrative costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On June 24, 2003, the Board approved the agreements with ten non-County trauma centers for FYs 2003-04 and 2004-05 with a total two-year maximum obligation of \$47.78 million. The agreements consisted of both claims-based reimbursement, and lump-sum payments, paid to each trauma hospital or used to obtain enhanced Medi-Cal payments for the private trauma hospitals. The Board approved subsequent amendments to augment funding paid to the trauma hospitals (by \$.01 million) and re-allocate each hospital's reimbursement amount according to the amount of trauma care provided. The Board also approved a separate amendment to the Agreement with St. Francis Medical Center for additional funding to account for increased trauma care provided by it with the closure of the trauma center at King Drew Medical Center.

On November 16, 2004, the Board approved the Agreement with California Hospital Medical Center effective December 1, 2004 through June 30, 2005, with a total maximum obligation of \$3.984 million. Reimbursement provisions included a Transitional Capacity Development Allowance, and a one-time start-up allocation not to exceed \$420,000. The provision for this one-time Allowance will not be extended. The Agreement consisted of both claims-based reimbursement and lump-sum payments, which could also form the State share of enhanced Medi-Cal payments.

The amendments to the agreement with California Hospital Medical Center and all other non-County trauma centers will extend their term on a month-to-month basis from July 1, 2005, up to December 31, 2005. Reimbursement will be in accordance with terms and rates previously approved by the Board.

On March 31, 2005, the Centers for Medicare and Medicaid Services approved enhanced funding for Medi-Cal payments to private hospitals for trauma and emergency services, effective for services from July 1, 2003 forward. To implement provisions of the enhanced payments, agreements must be executed between the State and each of the ten private hospitals (UCLA Medical Center is a public hospital which qualified for the AB 915 program and, therefore, is not eligible for these payments), and an agreement between the County and the State. Until the requisite agreements are executed and the funding is obtained for each private trauma hospital, which is anticipated to occur during the term of this extension, the parties agreed to suspend negotiations on a new Trauma Center Service Agreement.

The eleven non-County trauma center agreements will expire on June 30, 2005 (Attachment B).

The two County-operated trauma centers (LAC+USC and Harbor-UCLA Medical Centers) also operate under the same programmatic terms of this standard agreement document (Memorandum of Understanding), as required by State trauma regulations. The two County-operated trauma centers will sign Memorandum of Understanding (MOU) amendments to extend the term of the MOU on a month-to-month basis from July 1, 2005, to December 31, 2005.

The parties have agreed to defer payment by each trauma hospital of a data program monthly fee and lump sum payment to each trauma hospital until the parties have executed a new agreement.

Except as set forth in this letter, the existing terms and conditions of the Agreement shall apply to the extension amendment.

Attachments A and B provide additional information.

County Counsel will review and approve the amendments as to form prior to their distribution to the non-County trauma centers for signatures.

CONTRACTING PROCESS:

Non-County trauma centers receiving agreements are current participants in the County's trauma system and satisfy the State and County criteria and conditions for such participation.

It is not appropriate to advertise these agreements on the Office of Small Business' Countywide Web Site.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

The Trauma Center Service Agreement Amendment No. 3 and Amendment No.1 with California Hospital Medical Center will maintain the current level of trauma program services for an additional six month period.

The Honorable Board of Supervisors
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When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:CP:af

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller
Chair, Emergency Medical Services Commission
Health Care Association of Southern California
Los Angeles County Medical Association
Physician Reimbursement Advisory Committee
Trauma Hospital Advisory Committee
Affected Hospitals
Chief, County Health Services Branch
State Department of Health Services

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SUMMARY OF AGREEMENTS

1. TYPE OF SERVICE:

Trauma Services at eleven non-County trauma centers.

2. LOCAL EMERGENCY MEDICAL SERVICES (EMS) AGENCY:

Department of Health Services
Emergency Medical Services Agency
5555 Ferguson Drive, Suite #220
Commerce, California 90022
Attention: Carol Meyer, Director
Telephone: (323) 890-7545

3. HOSPITALS:

See Attachment B.

4. TERM OF AGREEMENTS:

The eleven agreements are slated to expire on July 1, 2005. The form amendments extend the agreements on a month-to-month basis for an additional six months, to and including December 31, 2005.

5. FINANCIAL INFORMATION:

The maximum obligations for the six-month extensions of the Agreements with California Hospital Medical Center and the other ten non-County trauma centers will be \$1.3 million and \$7.5 million, respectively. There are sufficient appropriations in the Department's Fiscal Year 2005-06 Measure B Proposed Budget to cover these obligations and administrative costs.

6. GEOGRAPHIC AREA SERVED:

Countywide.

7. ACCOUNTABLE FOR PROGRAM MONITORING:

Local EMS Agency.

8. APPROVALS:

Local EMS Agency: Carol S. Meyer, Director

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel (approval as to use): Edward A. Morrissey, Deputy County Counsel

DESIGNATED TRAUMA CENTERS

| <u>NON-COUNTY TRAUMA CENTERS</u> | <u>AGREEMENT NO.</u> |
|---|-----------------------------|
| California Hospital Medical Center | H-700741 |
| Cedars-Sinai Medical Center | H-300384 |
| Childrens Hospital Los Angeles | H-300379 |
| Henry Mayo Newhall Memorial Hospital | H-300381 |
| Huntington Memorial Hospital | H-300378 |
| Long Beach Memorial Medical Center | H-300385 |
| Northridge Hospital Medical Center | H-300383 |
| Providence Holy Cross Medical Center | H-300380 |
| St. Francis Medical Center | H-300376 |
| St. Mary Medical Center | H-300506 |
| UCLA Medical Center | H-300382 |

COUNTY TRAUMA HOSPITALS

| | |
|----------------------------|----------------|
| Harbor/UCLA Medical Center | H-300386 (MOU) |
| LAC+USC Medical Center | H-300377 (MOU) |

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